

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 CIAE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 AID-20 TRSE-00 RSR-01 /079 W

----- 037920

R 081806Z AUG 73

FM AMCONSUL SAO PAULO

TO USDOC WASHDC

INFO SECSTATE WASHDC 4450

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY BUENOS AIRES

AMEMBASSY ASUNCION

UNCLAS SECTION 1 OF 2 SAO PAULO 1755

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: POWERTECH 80/SAO PAULO: AN ASSESSMENT

REF SAO PAULO 1620

SUMMARY: POWERTECH 80 WAS WITHOUT DOUBT THE MOST SUCCESSFUL
COMMERCE-SPONSORED EXPORT MARKETING ACTIVITY IN SAO PAULO IN
RECENT YEARS. END SUMMARY.

1. BY ANY STANDARD, MPOWERTECH 80 MUST BE CONSIDERED AN OUT-
STANDING SUCCESS. OTHER RECENT COMMERCIAL ACTIVITIES, SUCH AS
PRINT PACK '73 AND THE NMTB MISSION LAST NOVEMBER, REGISTERED
HIGHER IMMEDIATE REPORTED SALES THAN WERE ACHIEVED DURING
POWERTECH 80. HOWEVER, THE REAL SIGNIFICANCE OF POWERTECH 80,
IN OUR VIEW, CANNOT BE MEASURED IN TERMS OF IMMEDIATE SALES.
THE FACT IS, AS INDICATED IN OUR CERP REPORTING ON THIS SECTOR,
THAT THE US HAS BEEN STEADILY LOSING IN THE MARKET FOR POWER
EQUIPMENT IN BRAZIL. THIS MARKET REPRESENTS A VERY SUBSTANTIAL
DOLLAR VOLUME OF POTENTIAL US EXPORTS. THE GIGANTIC, \$2 BILLION
PLUS ITAIPU PROJECT ITSELF WARRANTS THE MOST INTENSIVE USG
COMMERCIAL SUPPORT EFFORTS. BEYOND THIS, THERE ARE A LARGE
NUMBER OF PROJECTS ON THE IMMEDIATE HORIZON, SUCH AS THE
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FURNAS/ITUMBIARA PROJECT, FOR WHICH THE WORLD BANK GRANTED A

\$125 MILLION LOAN THIS WEEK, THE RECENTLY ANNOUNCED CESP \$112 MILLION TRANSMISSION LINE EXPANSION PROJECT AND OTHERS, AND SERIOUS PLANNING IS NOW UNDER WAY FOR THE NUCLEAR PHASE OF BRAZIL'S POWER DEVELOPMENT PROGRAM TO BEGIN IN THE 1980'S. IN THIS CONTEXT, POWERTECH ASSUMED A PARTICULAR IMPORTANCE, NOT ONLY AS A TANGIBLE INDICATION OF US INTEREST IN BRAZIL'S ENERGY PROGRAM BUT ALSO AN OPPORTUNITY FOR LEADING AMERICAN COMPANIES AND OFFICIALS TO DISCUSS ON A FACE-TO-FACE BASIS THESE PROGRAMS WITH THE LEADING FIGURES IN BRAZIL'S POWER SECTOR. THE MISSION PROVIDED THE COMPANIES WITH AN UNPARALLELED OPPORTUNITY FOR SUCH CONTACTS AND IT IS ON THIS BASIS - IN TERMS OF OUR OBJECTIVE OF LONG TERM MARKET PENETRATION - THAT THE MISSION SHOULD BE CONSIDERED SUCH A SUCCESS. IN TERMS OF 12 MONTH SALES PROJECTIONS, THE MISSION REPORTED \$3.9 MILLION IN FIRM SALES WHICH, TOGETHER WITH PLANNED RETURN TRIPS TO BRAZIL TO FOLLOW UP IMPORTANT BUSINESS LEADS DEVELOPED IN SAO PAULO, COULD QUADRUPLE THIS FIGURE, I.E. \$15 MILLION IN SALES OVER NEXT 12 MONTHS (SEE ASUNCION 3069). MOREOVER, NINE REP/LICENSEE AND/OR JOINT VENTURE AGREEMENTS WERE SIGNED OR ARE EXPECTED TO BE CONSUMATED IN THE IMMEDIATE FUTURE. BEYOND THAT, LAST 20 MONTHS, U.S. POWER EQUIPMENT IS NOW COMING WITHIN THE PRICE RANGE OF OUR MAJOR COMPETITORS FROM EUROPE AND JAPAN AND THIS IS WHAT THE REPRESENTATIVES OF COMPANIES REPRESENTED IN POWERTECH REPORTED. THUS, FROM A TIMING STAND-POINT POWERTECH 80 SERVED AS A VERY USEFUL VEHICLE FOR PROMOTION OF IMPORTANT US EXPORT INTERESTS.

2. THE REFERENCED CABLE PROVIDED INFORMATION ON ATTENDANCE DURING THE FIRST AND SECOND DAYS OF THE SEMINARS AND THE VARIOUS EVENTS HELD FOR THE MISSION. MR. TURNER, OF THE DEPARTMENT OF COMMERCE, HAS A COMPLETE FILE OF MISSION MEMBERS INDIVIDUAL APPOINTMENTS. (OUR RECORDS HERE ONLY INDICATE APPOINTMENTS MADE IN ADVANCE AND DO NOT SHOW THOSE MADE DURING THE VISIT). WHILE WE DO NOT HAVE THE FULL APPOINTMENTS RECORD FOR EACH OF THE INDIVIDUAL BUSINESSMEN, IT IS ESTIMATED THAT THEY AVERAGED 15 APPOINTMENTS PER PERSON DURING THE SAO PAULO PORTION OF THEIR TRIP AND IT IS KNOWN THAT TWO COMPANIES HAD OVER 25 APPOINTMENTS EACH. MOREOVER, IN OUR JUDGEMENT THE QUALITY OF THE APPOINTMENTS IS EVEN MORE IMPRESSIVE THAN THESE FIGURES THEMSELVES.

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3. FROM A PUBLIC RELATIONS STANDPOINT, THE MISSION WAS AN OUTSTANDING SUCCESS. WE SECURED FRONT-PAGE COVERAGE IN THE PRESTIGIOUS O ESTADO DE SAO PAULO NOT ONLY FOR THE FIRST DAY, AS INDICATED IN REFERENCED CABLE, BUT ALSO ON JULY 29 WHEN AN INTERVIEW WITH MISSION CHAIRMAN J.J. FLAHERTY ALSO APPEARED ON THE FRONT PAGE OF BRAZIL'S LEADING NEWSPAPER. THE STATE OF THE ARTS SEMINARS WERE ATTENDED BY AN ESTIMATED 300 PLUS PERSONS THE FIRST DAY AND OVER 180 THE SECOND, INCLUDING ABOUT 40

PERCENT OF THE AUDIENCE COMPOSED OF OFFICIALS FROM VARIOUS STATE AND FEDERAL POWER AUTHORITIES. IN ADDITION, BOTH THE FIRST-DAY LUNCHEON AND FIRST-EVENING RECEPTION PROVIDED A FURTHER OPPORTUNITY FOR CONTACTS WITH THESE IMPORTANT OFFICIALS. WITH THE EXCEPTION OF ONE LARGE POWER COMPANY (CEMIG), ALL MAJOR ENTITIES WERE REPRESENTED BY HIGH LEVEL OFFICIALS. FOR EXAMPLE, THE FIRST DAY LUNCHEON WAS ATTENDED BY 22 MAJOR POWER COMPANY OFFICIALS, INCLUDING PRESIDENTS ELECTROBRAS, FURNAS, ELETROSUL AND THE DIRECTORS OF A NUMBER OF OTHER POWER ENTITIES, INCLUDING SOME AS FAR AWAY AS PERNAMBUCO, CEARA AND PIAUI.

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INFO OCT-01 ARA-16 ADP-00 CIAE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 AID-20 TRSE-00 RSR-01 /079 W

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R 081806Z AUG 73

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4. IN ANALYZING THE SUCCESS OF THIS MISSION, IT APPEARS THAT FOUR FACTORS PLAYED A MAJOR ROLE: A. SELECTION OF US PARTICIPANTS: THE SELECTION, ON BOTH THE GOVERNMENT AND PRIVATE SIDE, WAS OUTSTANDING. THE MEMBERSHIP COMPRISED OF KNOWLEDGABLE COMPANIES WITH GOOD PRODUCT LINES, MANY OF WHOM ARE WELL KNOWN OR ESTABLISHED HERE, CONTRIBUTED GREATLY TO THE SUCCESS OF THE MISSION. ALL USG PARTICIPANTS, AND IN PARTICULAR MR. FLAHERTY, WERE ESPECIALLY WELL CHOSEN AND MADE A DEEP IMPRESSION ON THEIR BRAZILIAN COUNTERPARTS. B. THE TIMING OF THE MISSION WAS EXCELLENT. C. THE EFFORTS OF THE CONGEN STAFF HERE AND AT OTHER POSTS IN BRAZIL WERE INTENSIVE AND GIVEN THE RELATIVELY NARROW RANGE OF THE TARGET AUDIENCE WERE QUITE EFFECTIVE IN DRAWING IN THE DESIRED CLIENTEL, DESPITE SEVERE LOGISTICAL

PROBLEMS STEMMING FROM THE FACT THAT FEW OF THE MAJOR POWER COMPANIES ARE SAO PAULO BASED. D. THE MOST IMPORTANT SINGLE AGREEMENT OF THE HEAD OF ELECTROBRAS, DR. MARIO BHERING, TO LEND HIS PRESENCE AND PRESTIGE TO THE SEMINARS.

5. THE SUCCESS OF THIS POWERTECH SEMINAR RAISES THE QUESTION OF THE UTILITY OF THIS TECHNIQUE IN FUTURE COMMERCE-SPONSORED EXPORT PROMOTION ACTIVITIES IN BRAZIL. THE SEMINAR TECHNIQUE MET WITH ONLY MODERATE SUCCESS IN THE CASE OF THE HOSPITAL-MEDICAL TRADE MISSION LAST YEAR AND WAS NOT ESPECIALLY USEFUL
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IN CONNECTION WITH PRINT PACK EARLIER THIS YEAR. SEVERAL REASONS WOULD SEEM TO ACCOUNT FOR ITS SUCCESS IN POWERTECH. A. THE STATE OF THE ART PRESENTATIONS WERE ON TOPICS OF GENUINE, OVERALL INTEREST, RATHER THAN THINLY DISGUISED SALES PITCHES. THEY WERE BROAD GAUGED AND DEALT WITH ADVANCED TECHNOLOGY IN A SECTOR WHERE THIS IS IMPORTANT. IN THIS RESPECT, THE SEMINARS FOR POWERTECH AND PRINT PACK WERE DISTINCTLY DIFFERENT AND THE DIFFERENCE WAS READILY PERCEIVED BY THE POTENTIAL BRAZILIAN AUDIENCE. B. THE SPONSORSHIP OF ELECTROBRAS AND THE PARTICIPATION BY PROMINENT BRAZILIANS WAS CRITICAL TO THE SUCCESS OF THE SEMINAR. (THE LOCAL SPONSORSHIP OF THE HOSPITAL-MEDICAL MISSION LAST YEAR WAS PRESTIGIOUS BUT SIMPLY DID NOT CARRY THE ACROSS-THE-BOARD CLOUD WE HAD FOR POWERTECH 80). C. THE PRINCIPAL AMERICAN SPEAKERS WERE ESTABLISHED AUTHORITIES IN THE FIELD AND THEMSELVES CONTRIBUTED GREATLY TO THE STATURE OF THE SEMINAR.

6. ON THE BASIS OF OUR POST MORTEM OF THE EVENT WE HAD CONCLUDED THAT THE ONLY SIGNIFICANT ELEMENT WHICH SHOULD BE MODIFIED FOR FUTURE MISSIONS IS THAT THE ADVANCE OFFICER BE SENT EARLIER. MR. TURNER DID A TRULY OUTSTANDING JOB AND IT IS NO REFLECTION ON HIS WORK TO REQUEST THAT FOR FUTURE MISSIONS, COMMERCE SEND AN ADVANCE OFFICER AT LEAST TWO WEEKS EARLIER, WHICH WILL GIVE US A TOTAL OF EIGHT WEEKS FOR PROMOTION AND ADVANCE WORK AT THE POST. WE ALSO PLAN TO FOLLOW TWO OTHER, MORE MINOR, MODIFICATION FOR FUTURE MISSION SUPPORT ACTIVITIES WHEN THE SEMINAR TECHNIQUE IS JUDGED TO BE A SIGNIFICANT DRAWING ACTOR. RIO AND SAO PAULO BOTH EXPERIENCED CONSIDERABLE DIFFICULTY IN SECURING ADVANCE APPOINTMENTS FOR MISSION MEMBERS AND BOTH POSTS WERE REQUIRED TO SPEND FAR MORE STAFF MANHOUR RESOURCES ON THIS ACTIVITY THAN WE HAD ALLOCATED FOR OTHER RECENT MISSIONS. THE PROBLEM IN THIS CASE WAS THAT THOSE WE CONTACTED PLANNED TO ATTEND THE SEMINAR AND WANTED TO BE FREE TO MAKE THEIR OWN APPOINTMENTS THERE ON THE SPOT, RATHER THAN BE LOCKED INTO APPOINTMENTS IN ADVANCE. TO DEAL WITH THIS SITUATION IN SIMILAR FUTURE SITUATIONS WE PLAN (A) TO INCLUDE A RETURN MAILING CARD SPECIFICALLY TO ATTEND THE SEMINAR, WHICH WILL THEN BE USED FOR FOLLOW-UP TELEPHONE CONTACT ON APPOINTMENTS,

(RATHER THAN LIMIT RETURN CARDS SOLELY TO APPOINTMENTS AND/OR
REQUESTS FOR LITERATURE); AND (B) TO SET UP A SYSTEM FOR MORE
EFFICIENT USE OF SEMINAR RECEPTIONISTS TO BOOK APPOINTMENTS
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ON THE SPOT, PERHAPS IN THE FORM OF A SEPARATE, CLEARLY MARKED
APPOINTMENTS CONTROL DESK OUTSIDE THE SEMINAR AUDITORIUM
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
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Enclosure: n/a
Executive Order: N/A
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Image Path:
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Line Count: 235
Locator: TEXT ON-LINE
Office: ACTION EB
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Original Handling Restrictions: n/a
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Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 SAO PAULO 1620
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 14 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Dec-2001 by reddocgw>; APPROVED <26 FEB 2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POWERTECH 80/SAO PAULO: AN ASSESSMENT
TAGS: BEXP, BR
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005